

25X1A
REPORT NO. [REDACTED]
CD NO. *100 622*
DATE DISTR. 10 Mar 1949
NO. OF PAGES 2
NO. OF ENCLS. 2 (5 pages)
(LISTED BELOW)
SUPPLEMENT TO
REPORT NO.

COUNTRY Germany (Russian Zone)
SUBJECT SAG Kaustik, Bitterfeld
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PLACE
ACQUIRED [REDACTED]

DATE OF INFO
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1. The Soviet AG Kaustik, Bitterfeld, formerly I.G. Farben, Bitterfeld, is leased to the German company Elektrotechnisches Kombinat Bitterfeld, against payment of rent.

25X1A **Comment:** Another source reports that this is the normal procedure in the case of Soviet AGs.)

This rent is not paid in marks, but in finished products which are turned over to Razno Export for sale in hard currency countries, the money goes to the U.S.S.R.

2. The 1948 production was distributed as follows:

| | | |
|---------------------------|-----|-------------------------|
| Reparations to U.S.S.R. | ca. | 20.5 million DM |
| Rent in finished products | ca. | 9.5 million DM |
| Sales | ca. | 130.0 million DM |
| Total | ca. | 160.0 million DM (east) |

The planned distribution of production for 1949 is as follows:

| | | |
|---------------------------|-----|-------------------------|
| Reparations to U.S.S.R. | ca. | 14.5 million DM |
| Rent in finished products | ca. | 30.0 million DM |
| Sales | ca. | 115.5 million DM |
| Total | ca. | 160.0 million DM (east) |

The reparations and rent prices are calculated at the 1944 ceiling prices, whereas the sales are calculated at the current sales price. Thus the proportion of the production destined for Russia is even higher than the figures would indicate.

25X1A **Comment:** Walter Ulbricht announced in a recent speech that the reparations to the U.S.S.R. would be reduced in 1949. In this firm at least, the reduction is purely a mathematical juggling of figures, which actually results in an increase to Russia.)

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| CLASSIFICATION CONFIDENTIAL | | | | | | | | | |
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This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 13 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

Next Review Date: 2008

Document No. *002*
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DECLASSIFIED
Class. CHANGED TO: TS S O
DDA Memo, 4 Apr 77
Auth: DDA REG. 77/1763

CENTRAL INTELLIGENCE AGENCY

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3. At the present time there are 8,000 male and 3,000 female laborers, and 1,200 technical and clerical personnel employed at the plants. The average monthly wages amount to 270 marks (east) for 200 working hours. The Hennecke incentive pay system is to be introduced in 1949. The average base pay will be reduced to 240 marks (east) and additional pay will be dependent on increased production.

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Comment: Source states that the introduction of the Hennecke system is supposed to increase the over-all production by 20 percent, but that he seriously doubts that this is possible as most of the machinery is very old, and working at capacity now.)

4. Attachment One is a list of the 1948 production, including the quantities produced, quantities sold, and value. Certain chemicals were retained by the plant for the manufacture of other products. Some bulky chemical items were actually produced at a loss, but this was compensated for by the highly profitable manufacture of other items, especially plastics.
5. Attachment Two is the planned production and quantities for sale for 1949.

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